

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 7/15/2014	(3) CONTACT/PHONE Dana Lilley, Supervising Planner/(805)781-5715	
(4) SUBJECT Request to authorize processing of amendments to the Land Use Ordinance and the Coastal Zone Land Use Ordinance regarding workforce housing. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board authorize staff to process amendments to the Land Use Ordinance and the Coastal Zone Land Use Ordinance regarding workforce housing.			
(6) FUNDING SOURCE(S) General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$10,000	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT { } Consent { } Presentation { } Hearing (Time Est. ____) { X } Board Business (Time Est. <u>15 min</u>)			
(11) EXECUTED DOCUMENTS { } Resolutions { } Contracts { } Ordinances { X } N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: { } 4/5 Vote Required { X } N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY { } N/A Date: <u>11/5/2013 (Item #33)</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Lisa M. Howe			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / Dana Lilley, Supervising Planner

VIA: Wes Drysdale, Administrative Services Manager

DATE: 7/15/2014

SUBJECT: Request to authorize processing of amendments to the Land Use Ordinance and the Coastal Zone Land Use Ordinance regarding workforce housing. All Districts.

RECOMMENDATION

It is recommended that the Board authorize staff to process amendments to the Land Use Ordinance and the Coastal Zone Land Use Ordinance regarding workforce housing.

DISCUSSION

Background

On November 5, 2013, during a hearing to consider advancing to “year two” of the five year phase-in period for the Inclusionary Housing Ordinance, the Board of Supervisors chose to stay at “year one” based on statements from representatives of the home building industry regarding the lack of recovery in the local housing market. During that hearing, Supervisors Caren Ray and Frank Mecham volunteered to participate on an ad hoc task force with representatives of the home building industry to explore possible strategies for facilitating new housing for the workforce.

In addition to Supervisors Ray and Mecham, the ad hoc task force included staff from the Planning and Building Department members of the Home Builders Association of the Central Coast (HBACC) and the Building Design & Construction Cluster (BD&C) of the Economic Strategy prepared by the Economic Vitality Corporation (EVC). These discussions led to the identification of a number of ordinance amendments, which might facilitate an increase in the ability to provide housing desired by, and affordable to, locally employed households. The following description of the potential amendments is intentionally broad to allow for specifics to be developed later.

EVC/BD&C/HBACC Draft Workforce Housing Recommendations

Employers in San Luis Obispo County have stated in the 2013 EVC Workforce Housing Survey that workforce housing is vital to the local economy and creation and retention of head of household jobs. This set of recommendations to the County was developed during recent meetings between County staff, representatives of home builders and two members of the Board of Supervisors to support development of housing for the local workforce.

Proposal

Create ordinance provisions to allow housing projects in which all units will be affordable and available to owner occupant households within the County’s “workforce” housing income and sale price definitions. The new ordinance provisions might be treated as a “pilot project” with a sunset date. During the time the ordinance is in place, the effectiveness would be monitored and, if judged to be effective, the ordinance could be extended or further amended to increase effectiveness. The provisions would apply primarily to projects comprised of single family

dwellings, whether on a site zoned by the County as Residential Single Family or Residential Multi Family.

1. Workforce housing projects would be comprised of units affordable to households earning no more than 160% of median income and the developer would commit to selling the units at or below the County's price limits for workforce housing and only to qualified workforce income households who will use those units as their primary residences. (Note: the developer may work with local employers to provide financial assistance to workforce households purchasing the units and may enter into equity sharing arrangements with those households, but this will not affect compliance with County ordinances).
2. Workforce housing projects would qualify for a reduced, but not eliminated, amount of required affordable housing for very low, low and moderate income households under the County's existing Inclusionary Housing Ordinance. These required very low, low and moderate income housing units could be provided on site as secondary dwellings without long term affordability restrictions, in addition to the other existing options for compliance with the Inclusionary Housing Ordinance (in-lieu fees, off site units, off site residential land).
3. Development standards could be adjusted and a density bonus could be granted for workforce housing projects to enable the project to accommodate the affordable units provided on site, whether as secondary dwellings or free-standing single family homes. Reductions in parking requirements would be similar to those applicable under state law to density bonus projects.
4. The ordinance should be written to enable options for maintaining commonly owned areas without the need for homeowners associations to the degree possible. Also, required open space should be limited to a lower amount (for example 10%) and project parks eliminated if a public park is located within ¼ mile.
5. The County's Land Use Ordinance (and Land Use Element if necessary) should be amended to use a site coverage ratio as a residential density limit for workforce housing projects instead of minimum parcel size or units per acre in order to encourage smaller housing units.

In addition to the amendments described above to facilitate housing for the workforce, amendments to the Land Use Element to designate more residential land (primarily to the Residential Multi Family land use category) should also be considered. This effort should be focused on creating five to ten acre residential sites suitable for master planning to accommodate a variety of housing types and densities. It may be accomplished through rezoning of land in other urban zones or by expanding the urban reserve for an existing community. Opportunities to rezone much larger areas (100+ acres) should be sought as well in order to provide economies of scale for diverse, high quality neighborhoods. It is recognized that the success of such rezoning efforts will depend upon availability of water supply and other services.

Timeline

Planning and Building Department staff anticipates that the timeline for completing the ordinance amendments will depend in part on the level of environmental review required. It may be possible to complete these amendments within twelve months if an Environmental Impact Report (EIR) is not needed, and if the Board determines that these amendments have sufficient priority for the Planning and Building Department to assign staff resources to work on them. Assigning staff immediately to this effort would mean that other items currently on the priority list will be slowed down or postponed.

OTHER AGENCY INVOLVEMENT/IMPACT

The HBACC and BD&C Cluster recognize that similar provisions to those proposed here should be considered by the cities as well. Accordingly, Planning and Building Department staff contacted the City of San Luis Obispo to share the proposal. The other cities will be contacted as well. If authorized for processing, referrals to Community Advisory Councils, other County Departments and any other applicable agencies will occur.

FINANCIAL CONSIDERATIONS

The Planning and Building Department will use existing staff to process the amendments. The rough estimate of this cost is \$10,000, but the actual cost could vary significantly from this estimate since the preparing the amendments could require more or less staff time than expected. If an EIR is required, staff would return to your Board with that cost.

RESULTS

The authorization of the processing of workforce housing amendments will allow staff to commence work on amendments to ordinances, which might facilitate the ability to approve housing projects targeted for the local workforce. This is consistent with the countywide goals of promoting prosperous and liable communities.